

ATTACHMENT 2

DEBT TERM SHEET

Target Investments:	„Defensive“ assets or „Defensive Plus“ assets as described in CalPERS Infrastructure Strategic Plan. Essential assets with monopoly characteristics under proven regulation or with acceptable long term contractual regimes.
Asset Types:	Roads, bridges, tunnels, rail, airports, ports, rail, natural-gas fired power generation, renewable power generation, electric transmission, energy midstream (pipelines, oil & gas storage, LNG), electric and gas utilities, water pipelines, water and waste water utilities, desalination facilities, essential communications systems and social infrastructure.
Eligible Investments:	<p>Stable, long-lived, cash generating assets with high levels of execution certainty, consisting of:</p> <ul style="list-style-type: none"> • Availability-based Public-to-Private Partnerships (“P3”) (subject to revenue and cash flow certainty under commercially acceptable appropriations schemes and suitable financial strength of procuring authority); • Brownfield Toll/User-Fee based P3 (subject to acceptable volume history and forecast; acceptable toll/user fee regime); • Contracted electric transmission, power generation, energy midstream, water and waste (subject to acceptable contract terms and counterparty credit quality); • Regulated utilities: electric, gas, integrated, water, waste water, communications/cable (subject to acceptable regulatory regimes)
Greenfield Assets:	No development/entitlement risk (all key permits, approvals, required contracts, easements etc are in place). Minimal construction risk, mitigations consisting of, but not limited to, acceptable Engineering Procurement Construction and/or Design Build Agreements with market based liability caps, liquidated damages, bonding and liquidity/security enhancement.
Operating Agreements:	Where applicable, acceptable long-term Operations & Maintenance Agreements from suitable parties with market based terms including termination provisions, liquidated damages etc.

Debt Structures:	Taxable senior secured floating rate loans or notes or subordinated floating rate loans or notes.
Reference Index:	Monthly/quarterly U.S. CPI or U.S. LIBOR.
Floors; OID:	Reference Index floors and original issue discount where applicable.
Spread:	Minimum 4.00% over U.S. CPI or equivalent over U.S. LIBOR. To be determined on a transaction by transaction basis.
Tenor:	5-20 years, subject to market terms at the time of issuance.
Amortization:	Partially amortizing subject to market terms, contract tenors and required covenants.
Covenants:	Market based and consisting of but not limited to minimum debt service coverage ratios, maximum debt to capital ratios, maximum debt-to-ebitda ratios etc.
Required Security:	Senior secured - pledge of all assets, revenues and/or contracts as applicable. Subordinated - to be determined investment to investment.
CalPERS Target Investment Size:	\$150 - \$300 million per transaction.
CalPERS Maximum Investment:	CalPERS maximum investment to be determined transaction by transaction depending on total size of offering, number of syndicate members, legislative restrictions (if any) and Internal Revenue Code (IRC) restrictions including applicable portions of IRC section 503 (IRC section which outlines transactions prohibited for tax exempt entities and governmental plans).
Credit Quality:	BB/Ba2 or higher credit rating from one or more of the major credit rating agencies.
Due Diligence:	Commercial due diligence consisting of legal, technical/engineering, environmental, pricing, volume, regulation, financial (including detailed financial models), tax, accounting, insurance, forecast market conditions etc.